

Message Text

LIMITED OFFICIAL USE

PAGE 01 MUSCAT 00591 290714Z

ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 COME-00 AGRE-00 STR-07

CTME-00 TRSE-00 /038 W

-----107619 290720Z /23

R 260801Z APR 78

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 4279

INFO AMEMBASSY ABU DHAI

INFO AMEMBASSY ABU DHAI

AMEMBASSY ATHENS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

LIMITED OFFICIAL USE MUSCAT 0591

E.O. 11652: N/A

TAGS: ETRA, EAGR, MU

SUBJECT: 25 PERCENT IMPORT DUTY ON BANANAS, POTATOES

1. BEGIN UNCLASSIFIED. ON APRIL 16 THE MINISTER OF COMMERCE AND INDUSTRY IMPOSED A TWENTY-FIVE (25) PERCENT DUTY ON,IMPORTED BANANAS AND POTATOES. THE DAY BEFORE SULTAN QABOOS HAD AUTHORIZED THE COMMERCE MINISTER TO INCREASE CUSTOMS DUTY UP TO 25 PERCENT ON ITEMS COMPETING WITH LOCAL PRODUCTS. TARIFFS BEYOND 25 PERCENT CAN BE APPROVED BY THE DEVELOPMENT COUNCIL, WHICH INCLUDES SEVERAL MINISTERS. THE STATED PRUPSE OF THIS ACTION WAS PROTECTION FOR LOCAL PRODUCTS, BUT INCREASED GOVERNMENT REVENUE WAS ALSO MENTIONED. END UNCLASSIFIED.

2. BEGIN LIMITED OFFICIAL USE. COMMENT: THE GENERAL DUTY FOR MOST ITEMS IN OMAN IS A FLAT 2 PERCENT, AND THERE IS NO SALES TAX. IT IS STILL NOT CLEAR WHETHER THE COMMERCE MINISTER'S ACTION REPRESENTS THE BEGINNING OF A CHANGE IN LIMITED OFFICIAL USE

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OMAN'S FREE TRADE POLICY. SOME SOURCES BELIEVE OTHER IMPORTED ITEMS WILL ALSO BE TAXED MORE HEAVILY IN THE FUTURE. FROM CASUAL OBSERVATION, OMANI BANANAS AND POTATOES ARE NOT ESPECIALLY PLENTIFUL IN THE VETETABLE MARKETS AROUND THE APITAL. THE REVENUE DERIVED FROM THESE INCREASED DUTIES MAY BE SOMEWHAT MORE IMPORTANT, AND PROTECTION OF LOCAL PRODUCERS LESS SO, THAN NEWS RELEASES WOULD HAVE

US BELIEVE.
SIZER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORT PRICES, BANANAS, POTATOES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MUSCAT00591
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780183-0729
Format: TEL
From: MUSCAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780415/aaaaamgd.tel
Line Count: 64
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 96be2fa7-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2843702
Secure: OPEN
Status: NATIVE
Subject: 25 PERCENT IMPORT DUTY ON BANANAS, POTATOES
TAGS: ETRD, EAGR, MU
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/96be2fa7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014